

NSC BRIEFING

5 August 1958

LATIN AMERICA

- I. Major problem for US in Latin America is continuing political instability.
- A. Since early 1955 Presidents of Panama, Nicaragua and Guatemala killed, and dictatorships of Honduras, Argentina, Haiti, Colombia, and Venezuela overthrown.
- B. Danger spots--possible coup attempts, civil violence or civil war may erupt further in Cuba, Haiti, Venezuela, Panama, Colombia, Paraguay.
- C. Causes are rooted in illiteracy, poverty, traditional political hatreds which make democratic procedures difficult.
1. Lower and middle classes, organized labor and student groups, increasingly active in politics. Their leadership and press often irresponsible.
2. Instability of economies based on one commodity exports also a factor (Brazil--coffee, Chile--copper).
- II. Communists ~~have~~ have made some gains in penetration of governments, but not of military and are not dominant force in any country.
- A. Their influence, however, out of proportion to numerical strength, and anti-Communist legislation not generally enforced.
- B. Party membership and influence increasing somewhat in some countries.

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1. Venezuela: CP has doubled membership, gained respectability and prestige since Perez Jimenez ousted and party legalized. Participating in national political and labor groups, have favorable press, some penetration of government.
2. Argentina: CP has doubled membership since 1955, is largest in area, government climate favorable to continued growth.
3. Brazil: CP has surfaced top leaders--although party still illegal--attempting make deals with other parties for October elections for congress.
4. Chile: Party legalized this week by President Ibanez signature on new security bill. Communist-backed candidate running second in field of 5 for 4 September presidential elections.
5. Guatemala: Communists again active with return many exiles and strengthening of underground organization and front groups.

III. Local CP's gain from increased Sino-Soviet Bloc attention to the area.

- A. Bloc seeks to undermine US position in Latin America, expand trade, diplomatic, cultural relations, increase bloc political-ideological penetration.
 1. Most recent gesture was inclusion of Latin America with other undeveloped countries in Khrushchev-Mao 3 August communique.
- B. Trade with bloc is small part of total Latin America trade, but again on the increase.

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1. This year may equal, possibly surpass, 1955 high of \$335 million.
2. Recent sizeable Soviet offers to Argentina, Brazil and Uruguay for barter or sale of oil and oil equipment.
3. Some governments of Latin America more receptive to Soviet bloc trade offers in view export surplusses, foreign exchange difficulties, and need for manufactured goods.

C. There has been increase in Soviet bloc cultural, diplomatic and propaganda efforts.

1. Some local pressures developing for renewing diplomatic relations, particularly in Brazil and Chile. USSR dip. missions in Mexico, Uruguay, Argentina; satellite dip. missions in Mexico, Uruguay, Argentina, Brazil, Bolivia-- Czech consular office in Colombia. (In 1957 Czech legations ousted from Peru and Ecuador.)
2. While small part of total propaganda effort, Sino-Soviet bloc radio programs to Latin America increased considerably. (USSR to Latin America 35 hrs. a week, satellites 52 hrs. a week, Communist China 14 hrs. a week.) This spurred on by 16 hrs. a week by Radio Cairo.
3. Chicom propaganda, cultural and trade efforts on increase.

IV. Bloc attempting to exploit certain basic conflicts in US-LA relations.

A. Latin American countries tend to blame US for economic ills and underdevelopment.

1. Pretext of anti-Nixon demonstrations Peru and Venezuela partly economic (mineral tariffs and oil import restrictions).

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2. Brazilian President Kubitschek has stressed US economic attention to Latin America in his proposals for reappraisal Inter-American relations.
 3. Dr. Eisenhower's visit to Central America and Panama regarded a success but in part dependent on follow-up US aid to area.
 4. General belief in Latin America that US neglects it in relation other areas world.
 5. Latin Americans generally do not understand US world responsibilities.
- B. Thus the principal Latin American objectives in relations with US are economic, and somewhat unrealistic.
1. Latin Americans want guaranteed minimum prices for basic export products or a fixed price ratio between their raw materials exports and US manufactured imports.
 2. They want long term government-to-government loans at low interest, with minimal conditions and restrictions.
 3. Another objective is removal of US tariffs and quantity restrictions on Latin American exports and cessation of what they claim is dumping of competitive US products in world market.
 4. Latin Americans want cheap or subsidized US technical aid under their supervision.
- C. Another basic problem is that statism in Latin America conflicts with US emphasis on private enterprise and development.

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D. There is also a general resentment in LA of alleged US support of dictatorships.

V. Latin American governments support US position in UN and OAS on major world problems.

A. Latin America generally sympathetic to US position in Near East crisis and troop landings in Lebanon.

B. But leftist and nationalistic opinion critical of US in world affairs, which Communists also quick to exploit.

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